

Appendix A--Definition of Terms and Acronyms

Acquisition Plan (AP). The AP addresses the technical, business, management, and other significant considerations that will control acquisition.

Activity. A unit, organization, or installation performing a function or mission.

Administrative Appeal Authority. An individual who is independent of the activity under review or at least two organizational levels above the individual certifying the MEO. This individual adjudicates appeals then reviews appeals to verify that all costs are properly accounted for in accordance with this instruction, and verifies eligible appellants have full and equal access to the cost comparison decision process.

Affected Civilian Employees. Navy civilian employees who may be adversely impacted by a tentative cost comparison decision. Affected civilian employees include those in the function converted to contract or MEO and civilian employees outside the function but in the competitive area of the cost comparison.

Bid Opening. For a sealed bid procurement, bid opening is the date and time established to open, read aloud, and display the bids received in response to an Invitation For Bids. For a negotiated procurement action, the term is solicitation closing date which is the time set in the Request for Proposals by which all proposals must be received.

Commander/Activity Commander. Usually, the commanding officer or head of an activity that has budget and supervisory control over resources and personnel. In some cases, due to overlapping authority and responsibility or the need to defer decision authority to a higher level, the term may include a commander of a regional activity, the commander of a major claimancy, or a senior level activity commander.

Commercial Activity (CA). An activity that provides a product or service obtained (or obtainable) from a commercial source. A Navy commercial activity is not an Inherently Governmental function. A Navy commercial activity may be an organization or part of an organization. It must perform a type of work that is separable from other functions or activities so that it is suitable for performance by contract. A representative list of the functions performed by such activities may be found in OMB Circular A-76, Revised Supplemental Handbook, enclosure 3 (NOTAL). A Navy commercial activity falls into one of the following two categories:

Acronyms

AP
Acquisition Plan

CA
Commercial Activity/Activities

CAMIS
Commercial Activities Management
Information System

CBD
Commerce Business Daily

CCF
Cost Comparison Form

COR
Contracting Officer's Representative

DBA
Davis-Bacon Act

DFARS
Defense Federal Acquisition Regulation
Supplement

DORS
Defense Outplacement Referral Service

FAR
Federal Acquisition Regulation

FTE
Full-time Equivalent

IFB
Invitation for Bid

IHCE
In-House Cost Estimate

IRO
Independent Review Officer

ISSA
Interservice Support Agreement

JWOD
Javits-Wagner-O'Day Act

MEO
Most Efficient Organization

NAF
Non-appropriated Fund

NAFI
Non-appropriated Fund Instrumentality

NIB
National Industries for the Blind

NISH
National Industries for the Severely
Handicapped

OMB
Office of Management and Budget

POA&M
Plan of Action and Milestones

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POM
Program Objective Memorandum

TP
Transition Plan

PPP
Priority Placement Program

TPP
Technical Performance Plan

PR
Program Review

U.S.C.
United States Code

PWS
Performance Work Statement

QAE
Quality Assurance Evaluator

QASP
Quality Assurance Surveillance Plan

RFP
Request for Proposals

RIF
Reduction in Force

ROFR
Right of First Refusal

SCA
Service Contract Act

SSA
Source Selection Authority

TFMMS
Total Force Manpower Management
System

1. In-House Commercial Activity. A Navy CA operated by a Navy activity with Navy personnel.

2. Contract Commercial Activity. A Navy commercial activity managed by a Navy activity operated with contractor personnel or by a non-DoD Federal agency (i.e., ISSA). Commercial Activities Inventory. A listing of all in-house and contracted commercial activities and their associated FTEs.

Commercial Activities Management Information System (CAMIS). The automated system used to track, collect, and maintain data for cost comparisons and direct conversions. The CAMIS is required for compliance with Title 10 U.S.C. 2463, Executive Order 12615, Performance of Commercial Activities, OMB Circular A-76, and DODI 4100.33, 9 September 1985 (NOTAL).

Commercial Source. A commercial source is any business or other concern that is eligible for contract award in accordance with Federal Acquisition Regulations.

Conditional Contract Award. A contract award made upon the initial decision in a cost comparison involving a negotiated acquisition. Contractor performance is conditioned on the contractor's proposal continuing to be deemed the most advantageous offer after completion of the Administrative Appeal process.

Contract Administration. Contract administration includes those inherently governmental activities performed by warranted contracting officers (CO), the contracting officer's technical representatives (COTR), and related payment evaluation staff. Contract administration is not to be confused with contract quality control and performance evaluation or inspection which are defined as commercial activities by OMB Circular A-76, Revised Supplemental Handbook and Office of Federal Procurement Policy (OFPP) Policy Letter 92-1 (NOTAL).

Contract Award Date. The date the contract is awarded by the Government.

Contract Start Date. The date work is scheduled to begin under contract performance.

Contracting Officer. A contracting officer is the only person with the authority to create, modify, or terminate a contract.

Conversion Differential. The conversion differential is the minimum gained savings projected before converting from one method of operation to another. The differential reflects the unpredictable costs inherent in changing the status quo. These include such costs as retained pay and the temporary loss of productivity associated with a conversion. The conversion differential is the lesser of 10 percent of government personnel costs or \$10 million over the performance period.

Conversion to Contract. The changeover of a commercial activity from performance by Navy personnel to performance under contract by a commercial source.

Conversion to In-House. The changeover of a commercial activity from performance under contract by a commercial source to performance by Navy personnel.

Conversion to ISSA. The changeover of a commercial activity from performance by Navy personnel to performance by a non-DoD Federal agency.

Cost Comparison. A cost comparison is the formal process comparing the estimated cost of Government performance to the cost of performance by a contractor or ISSA provider.

Current Organization. The state of the organization as it exists at the beginning of the study, including staffing, organization, facilities, equipment, and any conditions that affect efficient operation.

Department of Labor Wage Determination. A Department of Labor determination on the minimum wages and fringe benefits to be paid by the contractor for certain skills in a particular geographic area.

Direct Combat Support Function. Work that is essential to the support of combat operations and if not performed could cause immediate impairment to combat capability.

Direct Conversion. The act of converting an activity to or from an in-house, contract, or Interservice Support Agreement (ISSA) performance without first conducting a cost comparison.

Economic Impact Statement. A statement as to the economic impact to the community resulting from conversion. If more than 75 employees of all categories (military, civilian,

permanent, temporary, etc.) are affected by conversion, activities will assess the economic impact on the local community and the Federal Government. Activities must address economic impact after bid opening and after contract costs are known. Activities will address the following items in the economic impact statement (*Title 10 U.S.C. 2461*):

1. Total population of the affected community
2. Change in business volume of the affected community
3. Change in total personal income of the affected community
4. Change in total employment of the affected community
5. Impact on tax base of the affected community

Expansion. An expansion is the modernization, replacement, upgrading, or the enlargement of an in-house commercial activity or capability. If the expansion involves a 30-percent increase in the operating cost of the activity, a 30-percent increase in the total capital investment to perform the activity or an increase of 65 FTE or more, a cost comparison is required prior to authorizing in-house performance. A consolidation of two or more existing commercial activities is not an expansion, unless the total operating cost is 30 percent greater than the total of the individual components or it requires an increase of 65 FTE or more. The above definition notwithstanding, pursuant to OMB Circular A-126 all aircraft purchase decisions should be justified through formal cost comparison, as provided by the OMB Circular A-76, Revised Supplemental Handbook (NOTAL).

Federal Acquisition Regulation (FAR). The FAR provides contracting policy for the Federal Government. The FAR is the primary regulation for use by all Executive Agencies in their acquisition of supplies and services.

Final Cost Comparison Decision. This is a decision resulting from a comparison of costs between the Government and private sector bids or offers made after the public review period and Administrative Appeal Period have been completed.

Full-Time Equivalent (FTE). For full and part time civil servants, calculate total hours required by skill and divide by 1,776 to determine FTE. For intermittent positions, divide by 2,007.

Function. The appropriate or assigned duties, responsibilities, missions, or tasks of an individual, office, or organization.

Independent Review. The independent review substantiates the currency, reasonableness, accuracy, and completeness of all cost, and cost information, prior to cost comparison. This includes verifying the PWS is the basis for the in-house cost estimate as presented in the solicitation and verifying the sufficiency of the QASP, TPP, TP, MEO, and IHCE and their conformance to OMB Circular A-76, Revised Supplemental Handbook (NOTAL).

Independent Review Officer (IRO). The Navy official who reviews and certifies the cost comparison has been prepared in accordance with this instruction.

Inherently Governmental Activity. An activity that is so intimately related to public interest as to mandate performance by Government personnel. These activities require the exercise of discretion in applying Government authority, the use of value judgment in making decisions on behalf of the Government, or obligation of funds and entitlements.

Invitation for Bid (IFB). The request to potential offerors for bids in a sealed bid acquisition.

Interservice Support Agreement (ISSA). An agreement between Federal agencies. For purposes of this instruction, DoD is defined as an agency (i.e., individual DoD components and Services are considered one agency).

Joint Interservice Regional Support Group (JIRSG). The JIRSG coordinators facilitate communication and cooperation among area commanders, directors, and activity representatives with similar interests or responsibilities. Coordinators evaluate proposed ideas for cooperative ventures and facilitate implementation of ideas approved by participating activities.

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Management Plan. The Management Plan documents the changes that will result in the MEO to perform a CA in-house. It provides the staffing patterns and operating procedures that serve as a baseline for in-house cost estimates.

Market Analysis. An analysis of at least three comparable contracts, performed by the contracting officer, to determine an estimated range of contract prices. It is also used to determine if commercial sources exist and to determine if an exercised contract option will result in fair and reasonable prices.

Most Efficient Organization (MEO). The Government's in-house organization deemed to be the most efficient to perform the work specified in the PWS.

Multi-Function Study. A study that includes more than one CA Function Code or more than one geographic location.

Negotiated Acquisition. A type of acquisition strategy where contractors submit offers in response to a request for proposals, followed by negotiations with contractors prior to conducting the cost comparison.

Navy Civilian Employee. A U.S. direct hire civilian employee of the Department of the Navy.

Navy Personnel. Refers to both military and civilian personnel of the Department of the Navy.

New Requirement. A newly established need for a commercial product or service. A new requirement does not include interim in-house operation of essential services pending re-acquisition of the services prompted by such action as the termination of an existing contract operation.

Nonappropriated Fund Instrumentality (NAFI). An integral DoD organizational entity that performs a government function. It acts in its own name to provide or assist DoD Components in providing morale, welfare, and recreational programs for military personnel and authorized civilians. It is established and maintained individually or jointly by the heads of the DoD Components. As a fiscal entity, it maintains custody of and control over its nonappropriated funds. It is also responsible for the reasonable care to administer, prudently safeguard, preserve, and maintain those appropriated fund resources made available to carry out its function. With its nonappropriated funds, it

contributes to the morale, welfare, and recreational programs of other authorized organizational entities. It is not incorporated under the law of any state or the District of Columbia, and it enjoys the legal status of an instrumentality of the United States.

Offer. A contractor's proposal used for pricing a contract or contract modification in negotiated acquisitions.

Overhead. Overhead is included in the in-house cost estimate and is defined as costs that are not 100 percent attributable to the activity being cost compared but are generally associated with the recurring management or support of the activity. Overhead includes functions such as human resources, resource management, legal, procurement, etc.

Performance Work Statement (PWS). A document that accurately describes the essential and technical requirements for services and materials. The PWS complies with the FAR, establishes the scope of work, and is the basis for all costs entered on the cost comparison form. Upon award, it becomes part of the contract.

Post-MEO Performance Review. A Post-MEO Performance Review confirms that implementation of the MEO is in accordance with the Transition Plan and the MEO is operating within cost.

Preferential Procurement Program. These are special commercial source programs such as Federal Prison Industries and the workshops administered by the Committee for Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act.

Privatization. The process of changing a Navy activity to private control or ownership. It does not include determination as to whether a support service should be obtained through public or private resources when the Government retains full responsibility and control over the delivery of those services.

Procurement Integrity Act. The Procurement Integrity Act (Title 41 U.S.C. 423) generally establishes prohibitions, restrictions, and requirements relative to disclosing or obtaining procurement information, reporting employment contacts, and post-government employment.

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Proposal. An offer used for awarding a contract or contract modification in negotiated acquisitions.

Proposed Organization. A detailed description of the MEO, including staffing, organization chart, operating procedures, facilities, equipment, supplies, etc.

Quality Assurance Evaluator (QAE). A QAE inspects and certifies contractor performance to the contracting officer.

Quality Assurance Surveillance Plan (QASP). A document containing sampling guides, checklists, and decision tables used for contractor or MEO quality assurance surveillance.

Regionalization. The consolidation/realignment of functions/positions either geographically or organizationally to streamline and achieve savings through the elimination of duplicative positions.

Reporting Component. A shore-based organization that has been assigned a Unit Identification Code (UIC) except for military units subject to deployment in a combat or combat support role.

Request for Proposal (RFP). The request to potential offerors for offers using the negotiated acquisition process.

Right of First Refusal. The right provided to civilian employees, including term employees, permanent NAF employees and term NAF employees adversely affected by the cost comparison (standard or streamlined) or direct conversion. The "Right of First Refusal" clause is contained in FAR 52.107-3.

Sealed Bid Acquisition. A type of acquisition strategy where contractors submit bids in response to an invitation for bids and no negotiations are conducted with contractors prior to conducting the cost comparison.

Separable or Severable Function or Activity. Work in an in-house activity that can be separated or severed from the rest of the activity or function in a manner that will (1) preclude creation of a personal services contract or (2) permit performance by either a contractor or MEO in accordance with a PWS.

Service Contract Act. A law established to set service contract minimum wages for skilled labor in service contracts performed on Government installations. *Title 41 U.S.C. 351-358*

Single-Function Study. A study that includes only one CA Function Code at only one geographic location.

Standard Cost Comparison. A standard formalized OMB process where Navy activities define minimum requirements to compete a commercial activity. After issuance of a solicitation in accordance with the FAR, cost comparison between the private sector (contractors) and public sector (Navy) takes place. The basis for the Government bid is the MEO. A standard cost comparison may be performed on any size CA.

Streamlined Cost Comparison. The process of determining whether a commercial activity should be performed by in-house personnel, by contract, or through ISSA in accordance with OMB Circular A-76, Revised Supplemental Handbook, Part II, Chapter 5 (NOTAL).

Study/CA Study. Term used to describe the entire process of conducting a cost comparison in accordance with OMB Circular A-76, including developing the PWS and QASP, determining the MEO, developing the cost of the MEO, issuing an RFP, comparing the cost of in-house performance to the cost of contractor performance, and conducting the Administrative Appeal process.

Technical Leveling. Adjustment of the PWS scope of work and/or the Government's Technical Performance Plan to achieve the same level of performance and performance quality between the Government and bidders.

Technical Performance Plan (TPP). A TPP represents the technical approach and expended resources by the Government in meeting the requirements of the PWS. It is prepared in accordance with the requirements specified in the solicitation and depicts the requirements specified in the MEO.

Transition Plan (TP). A written plan for the transition from the current organizational structure to MEO, contract, or ISSA performance designed to minimize disruption and preclude adverse impacts and establish capitalization and start-up requirements. The TP verifies the MEO, contract, or ISSA implementation will begin within the first 30 days after a final cost comparison decision.